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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 08/06/08

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Articles:

1) Futenma working teams fail to reach agreement

ASAHI (Page 4) (Abridged)
August 6, 2008

The government's two Futenma Air Station relocation teams composed of working-level officials of the central government and concerned local municipalities met for the first time yesterday.

One working team is tasked with finding ways to remove the danger of Futenma Air Station, and the other is to pave the way for smoothly implementing the replacement facility construction plan and an environmental impact assessment. They were launched in accordance with the strong wishes of Chief Cabinet Secretary Nobutaka Machimura. The government aims to complete the relocation by 2014, as was agreed upon with the United States, by displaying its deference to Okinawa's requests.

In the first sessions, Okinawa requested the government's maximum consideration for local calls for moving the envisaged replacement facility offshore. The government, however, insisted that the plan agreed upon between Tokyo and Washington cannot be modified unless there is a rational reason. The views of the two sides remained wide apart.

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There is also a gap in views between the two sides over the direction of future discussions. Governor Hirokazu Nakaima indicated in a press conference on July 25 that discussions would be based on an offshore relocation plan, saying, "Working-level talks will begin because there is a tacit understanding (on moving the planned runway offshore)." An Okinawa official said, "We believe that a substantive response will come from the government."

Meanwhile, the Defense Ministry clings to its view that working-level talks are venues for discussing technical issues necessary for advancing the assessment based on the Japan-U.S. agreement. There is an observation in the government that Machimura and Nakaima are searching for common ground behind the scenes. The talks are likely to face difficulties.

2) Aso mulls alternative for MSDF's refueling operation

TOKYO SHIMBUN (Page 1) (Abridged)
August 6, 2008

The government plans to revise the new Antiterrorism Special Measures Law, which is set to run out in January next year and under which the Maritime Self-Defense Forces has been tasked with refueling activities in the Indian Ocean. Meanwhile, the ruling Liberal Democratic Party will consider presenting another bill incorporating other measures for Japan's international contributions if cooperation is not available from the leading opposition Democratic Party of Japan (Minshuto). "If they say 'no,' we will then have to consider what we can do other than refueling," Taro Aso, secretary general of the ruling Liberal Democratic Party, said in yesterday's media interview. "One idea is to escort oil tankers," Aso said, adding, "There are various other measures." With this, he came up with the idea of having the MSDF secure Japan's sea lanes.

3) LDP execs eye escorting tankers

YOMIURI (Page 4) (Full)
August 6, 2008

The ruling Liberal Democratic Party is now considering tasking the Maritime Self-Defense Force with other antiterror assistance measures in the Indian Ocean instead of continuing its refueling activities there under a newly enacted law for special measures

against terrorism. The government and the LDP plan to present a bill to the Diet at its extraordinary session this fall in order to extend the law with the option of taking a second vote in the House of Representatives since the bill is likely to be voted down in the opposition-controlled House of Councillors after its passage through the House of Representatives. However, New Komeito, the LDP's coalition partner, remains reluctant to do so.

LDP Secretary General Aso indicated in yesterday's media interviews that the LDP would consider sending the Self-Defense Forces to escort Japanese tankers if the option of extending the MSDF's refueling mission in the Indian Ocean fails to obtain understanding. LDP General Council Chairman Sasagawa also agreed with Aso in interviews. "We need to secure ships bound for Japan, instead of refueling activities." Aso and Sasagawa will likely try to iron out differences in the ruling coalition over possible options including such an idea. However, one government official is skeptical of that idea's feasibility, noting that a new law will be needed in that

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case as well.

4) Koumura willing to continue refueling

YOMIURI (Page 4) (Full)
August 6, 2008

NEW DELHI-Foreign Minister Koumura met with Afghanistan's President Karzai, who is now visiting India, at a hotel in New Delhi on the afternoon of Aug. 5 (on the evening of Aug. 5 Japan time), in which he clarified that Japan would like to continue the Maritime Self-Defense Force's refueling activities in the Indian Ocean.

"We will continue our security measures, including refueling activities, and our reconstruction assistance to Afghanistan," Koumura told Karzai.

Karzai expressed hopes for Japan's continued assistance. "We appreciate Japan's powerful and generous assistance," he told Koumura. "I appreciate Japan's refueling activities, and I also hope for Japan's continued refueling activities."

5) U.S.-India nuclear agreement: Foreign Minister Koumura avoids clarifying stance

NIKKEI (Page 2) (Full)
August 6, 2008

Foreign Minister Masahiko Koumura, now visiting India, met with Prime Minister Singh and External Affairs Minister Mukherjee separately. India sought Japan's approval of its nuclear agreement with the U.S. for civilian use of nuclear energy. Koumura acknowledged the need for India to secure electric power. However, he did not clarify whether he favors or opposes the pact, saying, "The stand of Japan, the only country on which nuclear weapons have been used, is to seek the abolition of nuclear arms."

In talks with Singh, both leaders confirmed his visit to Japan, possibly in the fall. They also agreed on the stance of both countries aiming at reaching a consensus on the signing of an economic partnership agreement (EPA) before his visit to Japan. The U.S.-India agreement is intended to open the way for the transfer of nuclear technology from abroad to India by treating the nation, which is not a member of the Nuclear Non-Proliferation Treaty (NPT), as an exception.

6) Growing possibility of Lower House dissolution casts pall over next extra Diet session; LDP secretary general indicates that convocation might slip to September

NIKKEI (Page 2) (Excerpts)
August 6, 2008

The four new LDP executives, including Secretary General Taro Aso, granting separate interviews to the Nikkei and other news companies yesterday, revealed their policies toward the next extraordinary

Diet session. At the same time, they all stopped short of showing any solutions to mounting challenges. Given the strong confrontational mood between the ruling and opposition blocs with the possibility of a Lower House dissolution for a snap general election hanging over the horizon, the outlook for the extra Diet session seems extremely murky.

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Extending refueling operation not the only option

The ruling parties have yet to reach an agreement on when to convene the extra Diet session. Aso's predecessor Bunmei Ibuki had pointed to late August. Aso, however, indicated in the interview that it could slip to a later date, saying, "I don't think it has to be in late August."

LDP poised to make a compromise with New Komeito

Election Strategy Council Chairman Makoto Koga, too, expressed a cautious view about convening the next session in late August. General Council Chairman Takashi Sasagawa indicated that the extra session would be convened by the first half of September. Prime Minister Yasuo Fukuda and Ibuki had been looking for ways to convene the session on August 22 with the aim of securing enough deliberation time. The "new Aso leadership," though, seems to be willing to make a compromise with the New Komeito, which is calling for the convocation in late September.

The term of the session is also in focus. The New Komeito, hoping for a Lower House dissolution in late December or early January, wants to close the extra Diet session as early as possible. New Komeito Representative Akihiro Ota in a press conference yesterday revealed the party's plan to expedite preparations for the next election, saying: "The political arena will turn into a battlefield in the fall or later. We must be ready for the next election whenever that will be."

The option of a Lower House dissolution at the year-end and New Year period is on Aso's mind as well.

Escorting transport ships as an option

Aso and Sasagawa indicated in connection with legislation for extending Japan's refueling operation in the Indian Ocean -- the biggest bone of contention in the extra Diet session -- that conducting activities strictly for escorting commercial tankers could be an option.

Aso said: "Even if the refueling mission is not allowed, there are a variety of other options, such as escorting Japanese transport vessels." Sasagawa also noted: "The economic situation is different from when (the Indian Ocean refueling legislation) was readopted (in the Lower House). It is important to hold talks between the ruling and opposition blocs so that Japanese transport vessels will be able to return home safely."

The New Komeito, opposing the option of the Lower House readopting the refueling legislation, is calling for postponing an extension to next year's regular Diet session. Statements by Aso and others come from the fact that an extension of the refueling mission is the source of dispute between the LDP and New Komeito.

The problem is that the Maritime Self-Defense Force has never been used for such a purpose. Learning of the contents of the interview, Chief Cabinet Secretary Nobutaka Machimura called on Aso and told him once again that the government has simply decided to extend the refueling legislation. A New Komeito executive, too, expressed concern that escort vessels might end up exercising the right to collective self-defense.

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Prime Minister Fukuda said yesterday that he would not pay official homage at Yasukuni Shrine on the anniversary of the end of WWII on August 15. Meanwhile, Justice Minister Yasuoka has revealed his intention to visit the shrine. Land, Infrastructure and Transport Minister Tanigaki; Agriculture, Forestry and Fisheries Minister Ota and State Minister for Consumer Administration Noda have indicated the possibility of paying homage at the shrine. Last year, only one minister in the Abe administration visited the shrine. If an increasing number of members of the Fukuda cabinet visit Yasukuni Shrine, the improved relationship between Japan and China might be adversely affected.

Fukuda avoided a Yasukuni visit on Aug. 15 when he was serving as chief cabinet secretary. Asked by reporters yesterday about whether he would visit the shrine on the 15th, Fukuda replied: "Remember what I did in the past." Chief Cabinet Secretary Machimura also ruled out a shrine visit. Foreign Minister Koumura, as well, said: "I won't, as foreign minister." Tanigaki, who forwent a visit in the days when he was finance minister, commented: "Since I am chairman of the Kyoto War-Bereaved Association, I have a reason to visit the shrine."

The number of cabinet ministers who visited Yasukuni Shrine on Aug. 15 has decreased over the past decade, with nine under the Mori cabinet in 2000 as its peak.

8) DPJ remains bullish, despite surge in cabinet approval ratings, putting more work into preparations for general election

TOKYO SHIMBUN (Page 2) (Excerpts)
August 6, 2008

Though approval ratings of the Fukuda cabinet have taken an upward turn, following the shuffle, the Democratic Party of Japan (DPJ or Minshuto) remains bullish. It is now putting more work into preparations for a dissolution of the Lower House for a snap election at an early date.

Secretary General Yukio Hatoyama at a meeting of the "Next Cabinet" on August 5 rapped the new cabinet, "We only hear voices of disappointment at the launch of another bureaucrat-led cabinet." Azuma Koshiishi, head of the DPJ caucus in the Upper House, during a press conference took a confrontational stance, saying, "It's a nonsensical cabinet with incumbent ministers appointed to different posts from the previous cabinet. I want to characterize the next extraordinary Diet session as one that has to do with a Lower House dissolution and a snap election in the sense that we will snatch power from the ruling coalition."

There is little sense of alarm in the party about a rise in cabinet support ratings. This is because approval ratings should have increased more, since the shuffle was carried out in a situation where opposition parties have had few chances to take active part (in the Diet), as it was in recess. One junior lawmaker said, "The Fukuda administration has no more factors that can boost its approval rating."

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However, the appointment of Taro Aso as secretary general of the Liberal Democratic Party has raised the level of alarm in the DPJ, with one member noting, "The public may find his cheerful character attractive."

The DPJ is determined to fight Aso by seeking an apology from him for his statement in which he compared the DPJ to Nazi Germany.

In any case, the DPJ expects that Prime Minister Fukuda will dissolve the Lower House during this new administration. The DPJ is determined to press ahead with preparations, calculating that there will be a general election in six months' time or so, as President Ichiro Ozawa put it.

9) Number of DPJ rank-and-file members and supporters increases 60,000 to 270,000 ahead of leadership race

TOKYO SHIMBUN (Page 2) (Abridged slightly)
August 6, 2008

The Democratic Party of Japan announced at its executive meeting yesterday that the number of party members and supporters totaled 269,124 for fiscal 2008, as of May 31.

This is an increase of nearly 68,000 from fiscal 2007, which marked 201,489.

The increase is ascribable to the party's overwhelming victory in last year's House of Councillors election and its vigorous efforts to recruit new party members and supporters with voting rights ahead of the party leadership race in September.

The total can be broken down into 44,340 rank-and-file party members, 222,407 supporters, 224 Diet members, and 2,153 local assembly members. By prefecture, Tokyo topped the list at 22,090, followed by Hokkaido at 16,039, and Aichi at 15,706.

The DPJ presidential election is conducted based on a point system in which a vote by each Diet member can be converted into two points and a vote by each candidate scheduled to run in the next Lower House election into one point.

A total of 100 points for the local assemblymen as a package is distributed to each candidate in accordance with their votes won based on the d'Hondt formula. As for votes by the rank-and-file members, one point is distributed to the candidate with most votes in each of the 300 Lower House single-seat constituencies.

10) DPJ's Okada in magazine article: I feel sense of disconnect with Ozawa's political methods

YOMIURI (Page 4) (Full)
August 6, 2008

Democratic Party of Japan (DPJ) Vice President Katsuya Okada has contributed an article titled, "My stance is different from Mr. Ozawa's -- Declaration to take over the political reins," in the monthly Bungei Shunju that goes on sale on the 9th. In it, Okada notes about President Ozawa: "His strategy of placing emphasis on the single-seat constituencies and localities in the House of Councillors election (last year) was superb." But he frankly reveals

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that he is feeling odd about his political methods, saying: "I sometimes feel that if I were party president, I would do things differently."

11) Aso tells LDP members to refrain from talking about timing of Diet dissolution

YOMIURI (Page 4) (Excerpts)
August 6, 2008

Liberal Democratic Party Secretary General Aso said in a party executive meeting yesterday that party members should refrain from making statements about the timing for the next House of Representative election. This remark came under the current unsettled situation in the party as executives have cited "sometime between later this year and early next year" or "just before the expiration of all Lower House members' term" as the possible timing for the next Lower House dissolution. Public support for the Fukuda cabinet has improved following the latest shuffle. Some speculate that the remark was also intended to keep the improved public support by having Prime Minister Fukuda devote himself to tackling policy issues for the time being.

In the executive meeting yesterday, Fukuda stressed his resolve to make utmost efforts to compile a comprehensive economic package. He then asked for support from the party, saying: "The terms of all

Lower House members are to expire a year from now. We must now tackle issues with the help of a united party effort." Later, Aso said: "The prime minister probably means that we should refrain from talking about the timing of a Lower House dissolution."

Regarding the timing, three options -- later this year or early next year, next spring or later, and just before the expiration of all Lower House members' terms -- had been mentioned in the LDP before the cabinet shuffle. But many have begun to predict that the election might be held earlier than expected. Executive Council Chairman Sasagawa commented on a commercial TV program on the 3rd: "If public support for the cabinet soars, the dissolution of the Lower House might come earlier." Calls for an early dissolution are also growing in the New Komeito.

Under these circumstances, many wonder why LDP Election Committee Koga has changed his prediction from "late this year or early next year" to "just before the expiration of all members' terms" in September of next year. In the ruling camp, some members, seeing the Fukuda-Aso team formed, speculate that the prime minister might be replaced before the Lower House dissolution. In part because of this speculation, some believe that Koga's remark might be intended to head off calls to replace the premier.

12) Fiscal reconstruction likely to be put off, says Secretary General Aso: Priority to be given to economic stimulus measures

ASAHI (Page 1) (Full)
August 6, 2008

Secretary General Taro Aso of the Liberal Democratic Party (LDP) on August 8 noted that putting the goal of achieving fiscal reconstruction by fiscal 2011 on the back burner is an option. He thus referred to the possibility of delaying the target year for the first time as an LDP executive. He also said, "The economy is on the way to a recession." He thus indicated his stance of giving priority

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to measures to stimulate the economy. He made those statements in an interview given to various dailies, including the Asahi Shimbun.

The government has set a goal of moving the primary balance into the black by fiscal 2011. Aso pointed out, "Allowing the economy to further deteriorate for the sake of giving priority to moving the primary balance into the black should not be among the options." He continued: "The government must uphold the target. However, moving back the target by several years is an option."

The fiscal reconstruction goal was set under the basic policy guidelines on economic and fiscal management and structural reforms for the fiscal 2006 national budget compiled during the Koizumi administration. Some LDP members are calling for delaying the target year or scrapping the target itself.

As reasons for delaying the target year, Aso explained, "There will be restrictions if we do things while pursuing fiscal reconstruction. Economic stimulus measures have priority." Concerning the perception of the present state of the economy, which the government described as being in a temporary lull, Aso indicated his own perception, noting, "The economy is not in a temporary slump. It is on the way to a recession."

Regarding the Antiterrorism Special Measures Law intended to enable the Maritime Self-Defense Force to engage in refueling and water-supply operations in the Indian Ocean, he indicated his intention to consider another way of rendering assistance instead of simply extending the law.

As another assistance measure, he insisted that a permanent law is necessary for the dispatch of SDF personnel abroad, giving the example of SDF vessels escorting private tankers. He also indicated that since a cautious stance toward the enactment of a general law is deep-rooted in the New Komeito, it would be difficult to address this issue in the next extraordinary Diet session.

SCHIEFFER